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Our View

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Charitable giving bill will help needy

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President Bush's efforts to tackle some of this country's enduring problems by funneling tax money to religious groups were stymied by First Amendment arguments.

Fortunately, there are other and better ways to encourage religious and charitable groups to take on these challenges. One of those better ways is being sponsored by Rep. **Roy Blunt**, R-Mo., and Harold Ford, D-Tenn.

It's the **Charitable Giving Act**, and everything in it is aimed at giving nonprofit groups more resources to work with.

It would:

- * Allow the 86 million Americans who do not itemize on their tax returns the opportunity to deduct a portion of their charitable contributions, giving them one more reason to give. Americans who don't itemize now can deduct nothing.
- * Provide incentives for people to make tax-free contributions from their Individual Retirement Accounts.
- * Raise the cap on corporate charitable contributions from 10 percent to 20 percent.
- * Change the rules on the 5 percent of assets that private foundations are required to spend annually on charitable purposes. Current law allows these foundations to include operating and administrative expenses in the 5 percent; Blunt's bill would prohibit that.

This provision alone would result in at least an additional \$3.2 billion flowing to American charities, according to the National Committee for Responsive Philanthropy.

The committee, after studying IRS data, concluded that private, nonoperating foundations will count \$3.2 billion of 2003 overhead costs -- primarily for trustee fees and staff salaries -- toward their charitable spending requirement. That's enough money to fund 26,000 grants of \$120,000.

If that money went to charity instead, foundation operating expenses would increase by less than half a percent of assets, the committee said. Foundations would not find themselves spending down their core assets to meet these new requirements.

All these provisions make sense, but particularly the ones demanding that

foundations put their tax-exempt status to work for the common good, and not merely to keep a staff well paid. Some of the largest private foundations have found themselves under scrutiny for the same sort of excesses found at Enron. That is truly criminal. Yet, the trade association for such big, private foundations is lobbying against the proposal.

Far more foundations do good work. Blunt's bill will push them to do even better work and give charities the additional resources they need when a slow economy is tightening budgets and increasing needs in everything from the arts to helping abused women to feeding the hungry.

The Community Foundation of the Ozarks, which already keeps its administrative expenses below 2 percent of its assets, would see no negative impact from the legislation, said executive director Gary Funk. It would, he added, give some donors greater flexibility and opportunities to give.

The Senate already has passed a similar bill. The House should join it by passing Blunt's bill and speeding the contributions that will do the most good in helping the needy.
